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ROBERT M. WATT, III
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April 15, 2005

RECEIVED

APR 15 2005

Hon. Beth A. O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40601

Case 2005-00160

PUBLIC SERVICE
COMMISSION

Re: Equitable Production Company
Request for Adjustment of Rates

Dear Ms. O'Donnell:

We submit herewith for filing an original and ten copies of the information, including the proposed tariff sheets, submitted in connection with the request of Equitable Production Company (hereinafter "EPC" or the "Company") to adjust rates effective June 14, 2005, pursuant to KRS 278.485 and 807 KAR 5:026, Section 9. The rates of EPC have not been adjusted since December of 2003. The proposed rate adjustment relates only to the gas cost portion of the rates of EPC. The proposed rate increase is a 33.47% change in rates as compared to a 7.15% increase in the Producer Price Index for Residential Natural Gas for the 12 months ended December 31, 2004. The proposed rate does not exceed the highest average volumetric rate of a local gas distribution utility approved by the Commission and in effect on this date. Please note that EPC also proposes the implementation of a Gas Cost Adjustment Clause in this request to reflect the cost of third-party production that the Company purchases to serve its residential customers in and near Pikeville, Kentucky.

Sincerely,



Robert M. Watt, III

Rmw

Hon Beth A. O'Donnell
April 15, 2005
Page 2

Encl.

Cc: Daniel L. Frutchey, Esq. (w/encl.)
Sandra Fraley, Esq. (w/encl.)
Mr. John M. Quinn (w/encl.)

EQUITABLE PRODUCTION COMPANY

RECEIVED

APR 15 2005

PUBLIC SERVICE
COMMISSION

Before the

PUBLIC SERVICE COMMISSION

of

KENTUCKY

Information submitted in connection with
a request to adjust
rates effective April, 2005

Issued: April 15, 2005

Effective: June 14, 2005

Equitable Production Company

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Equitable Production Company - Pikeville, Ky Division

for the Twelve months Ended December 2004

Filing Requirements: Test of percentage change in rates vs. percentage change in price index

Pursuant to 807 KAR 5:026:

Section 9. Rates and Charges.

(1)(a)1A gas company which provides service pursuant to KRS 278.485 may request an adjustment in rates through a proposed tariff submitted at least sixty (60) days prior to its proposed effective date if:

1. The percentage change in rates does not exceed the percentage change in the price index during the most recent twelve (12) month period immediately preceding the date the proposed tariff is filed; and

Response:

The increase in the Producer Price Index for Residential Natural Gas as provided by the commission is 7.15%

Percentage change in EPC rates proposed in this filing:

	Requested Increase	Supported Increase
Average monthly consumption	<u>7.6 Mcf</u>	<u>7.6 Mcf</u>
Average monthly bill at current rates	\$ 48.59	\$ 48.59
Average monthly bill	\$ 64.86	\$ 83.73
Average increase	<u>\$ 16.27</u>	<u>\$ 35.14</u>
Percentage change in rates	<u>33.49%</u>	<u>72.32%</u>

Filing Requirements Test of proposed rate vs. highest rate approved by the Commission

KRS 278.485 Section 9. Rates and Charges.

(1)(a)2. The proposed rate does not exceed the highest average volumetric rate of a local gas distribution utility approved by the commission and in effect on the date the proposed tariff is filed. The commission shall provide the current percentage change in the price index and the highest prevailing rate upon written request.

Response:

Equitable's proposed rate = \$ 8.5340

RATES AS OF OCTOBER 2004

Utility Name	Base Rate	Gas Cost	Total Vol. Rate
Atmos	\$1.1900	\$8.2896	\$9.4796
Auxier Road	\$4.2599	\$7.1431	\$11.4030
B & H Gas	\$1.9788	\$6.0000	\$7.9788
Belfry Gas	\$2.7182	\$7.8289	\$10.5471
Bluegrass Gas	\$4.6137	\$8.3714	\$12.9851
Burkesville Gas	\$4.2500	\$9.1444	\$13.3944
Citipower	\$6.4592	\$7.6485	\$14.1077
Columbia	\$1.8715	\$8.2155	\$10.0870
Delta	\$3.6224	\$8.3941	\$12.0165
East Kentucky Utilities	NA	\$7.0902	\$10.4992
Elam Gas	\$4.2999	\$6.9022	\$11.2021
Equitable Gas	\$2.1322	\$10.4331	\$12.5653
Gasco	\$4.6200	\$8.6075	\$13.2275
Jefferson Gas	\$2.2600	\$5.3627	\$7.6227
Johnson County	\$5.9542	\$8.3500	\$14.3042
LG&E	\$1.3457	\$8.4857	\$9.8314
Martin Gas	NA	\$5.1186	\$10.7737
Mike Little	\$4.3271	\$10.5420	\$14.8691
Millennium	\$4.0000	\$6.5141	\$10.5141
Natural Energy Utility	\$4.2400	\$6.3355	\$10.5755
People's Gas	\$2.7670	\$10.4980	\$13.2650
Public Gas	\$2.1505	\$8.2230	\$10.3735
Sentra	\$2.1440	\$3.9764	\$6.1204
Sigma Gas	\$4.5522	\$7.5007	\$12.0529
ULH&P	\$2.3340	\$6.0350	\$8.3690
Valley Gas, Inc.	\$2.3819	\$4.7428	\$7.1247
Western Lewis Rectorville	\$1.3970	\$7.5606	\$8.9576

Average Rate	\$3.2748	\$7.5301	\$10.9727
Maximum Rate	\$6.4592	\$10.5420	\$14.8691
Minimum Rate	\$1.1900	\$3.9764	\$6.1204

Equitable Production Company - Pikeville, Ky Division

Filing Requirements: Cost Data

Pursuant to 807 KAR 5:026:

KRS 278.485 Section 9. Rates and Charges. (1) Rates

(b) If the proposed percentage increase in rates exceeds the percentage change in the price index but the proposed rate remains below the highest prevailing gas rate approved by the commission, the gas company shall submit, with its proposed tariff, cost data which support the proposed increase. The data shall include the gas company's costs to provide the service during each of the previous two (2) years and shall be current within ninety (90) days of the date the proposed tariff is filed.

Response:

Attached is a two year history of the Columbia Gas Transmission Co. Appalachia index which supports the market price of natural gas. This schedule does not include non-gas costs of service.

**Equitable Production Company
Pikeville, Ky Division**

	TCO		Rate Per	Purchase		Weighted
	Appalachia	Btu	Mcf	Volumes	Revenue	Average
Index	(1)	Factor (2)	(3=1*2)	Mcf (4)	(5)	(6)
Jan-03	\$ 5.12	1.174	\$ 6.01	19,881	\$ 119,502	
Feb-03	5.95	1.174	6.99	58,425	408,116	
Mar-03	9.39	1.174	11.02	21,453	236,495	
Apr-03	5.43	1.174	6.37	(535)	(3,411)	
May-03	5.53	1.174	6.49	13,383	86,885	
Jun-03	6.31	1.174	7.41	(3,007)	(22,276)	
Jul-03	5.59	1.174	6.56	3,105	20,377	
Aug-03	4.94	1.174	5.80	6,203	35,975	
Sep-03	5.13	1.174	6.02	7,178	43,230	
Oct-03	4.66	1.174	5.47	16,281	89,071	
Nov-03	4.68	1.174	5.49	13,362	73,415	
Dec-03	5.07	1.174	5.95	31,640	188,327	
Jan-04	6.34	1.174	7.44	29,451	219,209	
Feb-04	6.03	1.174	7.08	34,772	246,159	
Mar-04	5.40	1.174	6.34	26,187	166,015	
Apr-04	5.63	1.174	6.61	6,781	44,820	
May-04	6.19	1.174	7.27	7,685	55,847	
Jun-04	6.96	1.174	8.17	3,073	25,110	
Jul-04	6.42	1.174	7.54	4,582	34,535	
Aug-04	6.28	1.174	7.37	3,103	22,878	
Sep-04	5.33	1.174	6.26	7,810	48,870	
Oct-04	6.06	1.174	7.11	5,313	37,799	
Nov-04	7.89	1.174	9.26	6,124	56,726	
Dec-04	8.18	1.174	9.60	17,655	169,547	

2003 average	\$ 5.65		\$ 6.63			
2004 average	\$ 6.39		\$ 7.50			

2 year average	\$ 5.91		\$ 7.07	339,905	\$2,403,221	\$ 7.07
Current gas cost per Case No. 2003-00317						<u>4.93</u>
Increase						<u>\$ 2.14</u>
Percentage increase						43%

Equitable Production Company - Pikeville, Kentucky Division

Schedule C

for the Twelve months Ended December 31, 2004

Present Rates approved by the Commission at Case No. 2003-00317

Service Charge \$ - per Customer per Month

Usage Charges (\$/Mcf) (a)

Base rate	\$ 1.464
Gas cost	<u>4.930</u>
All Mcf	<u>\$ 6.394</u>

Equitable Production Company - Pikeville, Kentucky Division

Schedule D

for the Twelve months Ended December 31, 2004

Proposed Rates - Effective June 14, 2005

Service Charge \$ - per Customer per Month

Usage Charges (\$/Mcf) (a)

Base rate	1.464
Gas cost	<u>\$ 7.070</u>
All Mcf	<u>\$ 8.534</u>

Equitable Production Company - Pikeville, Kentucky Division

Schedule E

for the Twelve months Ended December 31, 2004

Supported Rates

Service Charge \$ - per Customer per Month

Usage Charges (\$/Mcf) (a)

Base rate	1.464
Gas cost	<u>\$ 9.553</u>
All Mcf	<u>\$ 11.017</u>

**Equitable Production Company
Pikeville, Ky Division**

Summary of Supported Gas Cost Recovery Rate

<u>Line No.</u>		<u>Units</u> (1)	<u>Amount</u> (2)
	<u>Gas Cost Adjustment Components:</u>		
1	Expected Gas Cost (EGC)	\$/Mcf	9.5525
2	Actual Cost Adjustment (ACA)	\$/Mcf	0.0000
3	Balance Adjustment (BA)	\$/Mcf	<u>\$0.0000</u>
4	Gas cost Recovery Rate	\$/Mcf	<u>9.5525</u>
	 <u>Expected Gas Cost Calculation (EGC)</u>		
5	Total expected cost of gas	\$	\$ 1,104,567
6	Total annual sales	Mcf	<u>115,631</u>
7	Expected gas cost rate	\$/Mcf	<u>\$ 9.5525</u>
	 <u>Actual Cost Adjustment Summary</u>		
8	Current Quarter Adjustment	\$/Mcf	0.0000
9	Previous Quarter Adjustment	\$/Mcf	0.0000
10	2nd Previous Quarter Adjustment	\$/Mcf	0.0000
11	3rd Previous Quarter Adjustment	\$/Mcf	<u>0.0000</u>
12	Actual Cost Adjustment	\$/Mcf	<u>0.0000</u>
	 <u>Balance Adjustment Summary</u>		
13	Current Quarter Adjustment	\$/Mcf	\$0.0000
14	Previous Quarter Adjustment	\$/Mcf	\$0.0000
15	2nd Previous Quarter Adjustment	\$/Mcf	\$0.0000
16	3rd Previous Quarter Adjustment	\$/Mcf	<u>\$0.0000</u>
17	Balance Adjustment	\$/Mcf	<u>\$0.0000</u>

Equitable Production Company
Pikeville, Ky Division

Calculation of Supported Gas Cost Based on Purchases
for the Twelve Months Ended December 2004

	Sales Volumes (Mcf)	Btu	Purchases (Dth)	Average Rate (a)	Annual Cost
January-04	21,071	1.174	24,737	\$ 8.1367	\$ 201,281
Feb	24,257	1.174	28,478	8.1367	231,715
Mar	18,833	1.174	22,110	8.1367	179,903
Apr	3,958	1.174	4,647	8.1367	37,809
May	5,655	1.174	6,639	8.1367	54,019
Jun	1,848	1.174	2,170	8.1367	17,653
Jul	3,066	1.174	3,599	8.1367	29,288
Aug	1,907	1.174	2,239	8.1367	18,217
Sep	5,944	1.174	6,978	8.1367	56,780
Oct	5,313	1.174	6,237	8.1367	50,753
Nov	6,124	1.174	7,190	8.1367	58,500
Dec	17,655	1.174	20,727	8.1367	168,650
Total	115,631		135,751		\$ 1,104,567

(a) Estimated average rate based on three average NYMEX prices plus TCO basis and adjusted for retainage.

**Equitable Production Company
Pikeville, Ky Division**

Summary of Supported Gas Cost Recovery Rate

NYMEX Futures @ March 16, 2005

May-05	7.278
Jun	7.348
Jul	<u>7.403</u>
Average	7.343
TCO Basis	0.2828
Retainage	1.067
Average rate	<u>\$ 8.1367</u>

Equitable Production Company - Pikeville, Ky Division

for the Twelve months Ended December 2004

Filing Requirements: Tariff

Pursuant to 807 KAR 5:026:

KRS 278.485 Section 9. Rates and Charges.

1(a) A gas company which provides service pursuant to KRS 278.485 may request an adjustment in rates through a proposed tariff submitted at least sixty (60) days prior to its proposed effective date.

Response:

Attached is the company's proposed tariff.

Original

P.S.C. Ky. No. 1

EQUITABLE PRODUCTION COMPANY

PITTSBURGH, PENNSYLVANIA

RATES FOR FURNISHING

NATURAL GAS

AT

Connections along Equitable Production Company's
pipeline system in Eastern Kentucky.

FILED WITH THE PUBLIC SERVICE COMMISSION

OF

KENTUCKY

Issued by: EQUITABLE PRODUCTION COMPANY

By: Sandra Fraley
Vice President and General Counsel
225 North Shore Drive
Pittsburgh, Pennsylvania 15212-5861

EQUITABLE PRODUCTION COMPANY
400 ALLEGHENY CENTER MALL
PITTSBURGH, PENNSYLVANIA 15212-5352

Original Sheet No. 1
P.S.C. Ky. No. 1

RATE

Customer: Various

Rate:

	<u>Base Rate</u>	+	<u>Gas Cost Recovery Rate*</u>	=	<u>Total Rate</u>	
All Mcf	\$1.463		\$7.07 per MCF		\$8.534	(I)

*The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheet No. 2 of this tariff.

All gas sold and delivered under this Tariff shall be delivered at the varying pressures of Equitable's pipeline, and it shall be the responsibility of the customer to supply, maintain, and operate the necessary regulator and related equipment for the customer's use.

Issued: April 15, 2005

Effective: June 14, 2005

Sandra Fraley
Vice President and General Counsel

GAS COST ADJUSTMENT CLAUSE ("GCA")

Determination of the GCA

The Company shall file a quarterly report with the Public Service Commission of Kentucky ("Commission") containing an updated GCA rate. The quarterly GCA filing will be submitted thirty (30) days prior to the beginning of each calendar quarter. The GCA will become effective for billing after review and approval by the Commission.

The GCA is comprised of:

- a. The Expected Gas Cost component ("EGC"). The EGC will be calculated on a dollar per Mcf basis and represent the estimated cost of purchased gas which results from the application of the Columbia Gas Transmission Appalachian Monthly Index multiplied by projected gas purchase volumes, divided by the projected sales volumes. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company may make appropriate adjustments to its calculation. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report.
- b. The Actual Cost Adjustment ("ACA"). The ACA will be calculated on a dollar per Mcf basis and represent any previous over or undercollection of gas costs experienced by the company through the PGA mechanism. The ACA will be calculated monthly by applying an applicable Btu conversion factor and retainage rate to the actual sales volume to determine a purchased gas volume. The monthly closing price of the Columbia Gas Transmission Appalachian Index will be multiplied by the purchased gas volume to determine actual purchased gas costs.
- c. The Balancing Adjustment ("BA") The BA will be calculated on a dollar per Mcf basis. The BA represents any remaining over or undercollection of gas costs resulting from prior billed quarterly GCAs.
- d. "Calendar Quarters" means each of the four three-month periods of (1) February, March, and April; (2) May, June, and July; (3) August, September, and October; (4) November, December, and January.
- e. "Reporting Period" means the three-month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas cost recovery rates; i.e., the calendar quarters ended April 30, July 31, October 31, and January 31 of each year.

Gas Cost Recovery Rate (GCR):

Expected Gas Supply Cost (EGC)	\$0.0000
Actual Cost Adjustment (ACA)	0.0000
Balance Adjustment (BA)	0.0000
Total Gas Cost Recovery Rate per Mcf	<u>0.0000</u>

Issued: April 15, 2005

Effective: June 14, 2005

Sandra Fraley
Vice President and General Counsel

NOTICE OF PROPOSED RATE CHANGE

March 22, 2005

Equitable Production Company has filed a request with the Public Service Commission to increase its rates. The rates contained in this notice are the rates proposed by Equitable Production Company. However, the Public Service Commission may order rates to be charged that differ from the rates in this notice.

Any corporation, association, body politic, or person may file written comments or a written request for intervention within thirty (30) days of the date of this notice with the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, KY 40602.

Copies of the request for an increase in rates may be obtained by contacting Equitable Production, 225 North Shore Drive, Pittsburgh, PA 15212-5861. A copy of the request for an increase in rates is available for public inspection at this address.

<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Estimated Monthly Increase (per customer)</u>
\$6.393	\$8.53	\$16.27

EQUITABLE
PRODUCTIONSM
An EQUITABLE RESOURCESSM Company